



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

NOTES

AN APPRAISAL OF CLAY'S ECONOMICS

It has been three years since Clay's treatise upon general economics found its way into this country.¹ The lapse of time enables a belated reviewer to substitute the fact of its reception for personal prediction and to qualify his judgment of its value in the light of the appraisal of the craft. Within this period the volume has won, if not great popularity, at least a substantial place for itself. More important still, those who have read it carefully and balanced its merits and defects against those of other treatments have come to value it highly.

The place accorded to the volume has been of its own making. When it appeared its author was unknown in this country. He had no American reputation which could be drawn upon to endow the volume with worth. He occupied no distinguished chair in a venerable seat of learning whose value could be imputed to him and his book. The success of the volume cannot be laid to the account of his publishers. They printed the first edition upon cheap paper and bound it between unattractive covers. They made so little effort to offer it as new food for the jaded appetite for general texts that their itinerants who found it in classroom use did not at once recognize it as an offering of the house they served. Its merits, bruited about by review and word of mouth, won the initial attention to it. It was only after its place was secure that an American edition² appeared, beautifully printed and attractively bound, to entice the more elusive reader. It is well, therefore, to inquire into the characteristics which have enabled it unaided to win for itself a wide and increasing circle of readers.

The first and most apparent of its persuasive qualities is genuine distinction in style. To a generation in revolt against the low valuation which the formal scholarship of the later nineteenth century put upon method of expression Clay's book is acceptable. It lacks the ponderous, cocksure, and didactic utterances which have become the hallmarks of

¹ Henry Clay, *Economics. An Introduction for the General Reader*. London: Macmillan Co., 1916. 12vo, pp. xvi+476. \$1.10 net.

² American edition. Edited by Eugene E. Agger. New York: The Macmillan Company, 1918. 8vo, pp. xviii+456. \$2.00.

written erudition. It is characterized by a manner vigorous and clear, straightforward and suggestive, charming and fresh. It has the rare merit of treating matters of the most serious concern with a spirit of light-heartedness. Its argument is enlivened by a quiet humor, not unknown to a master like Adam Smith or to a ripe scholar like Cannan, but alien to the style of the profound expositor. An effort is made to avoid technical language and to make the argument explicit. Yet there is no loose dallying with terms, no shirking of issues, no lowering of tone to captivate the reader, and no use of the venerable trick of the system-builder of making baffling matters intelligible by making them simpler than reality. The book offers many examples of passages marked by a combination of condensation with clarity which demand of the novice all the acumen he can bring to them.

However, style is more than a device for making the author's exposition attractive; its roots lie in the substance of his contribution. This is manifest in the appeal which the book makes to readers in different stages of acquaintance with economics. The novice follows the straight road and thinks he has gotten all the author has offered; the advanced student finds many suggestions sticking out between the lines which draw him into the byways of speculation; and the full-fledged member of the craft lingers to admire the skilful way in which, by turning a phrase or stating a proposition, the author avoids irrelevant issues which have befuddled the layman and often perplexed more than one generation of professional students.

The second of the inviting characteristics of the volume is its freshness. Although the author is familiar with the standard works upon economics, he seems to have kept them beyond his reach when he was writing his book. Their problem is not his problem, their presentation is not his. His treatise had not been manufactured after an approved pattern to fill an order of a publisher. It has the vitality which only growth can impart; it emerged from serious concern with a perplexing problem. It comes as the result of experience of several years in trying to bring economic theory to workmen; it is a by-product of an attempt to make them see in perspective the economic world which lives about them, which hedges in their activities, and which imposes serious limitations upon their aspirations. It is a record of a grappling by instructor and student alike with the problems of an industrial system which helps and hinders, but never ceases to impinge upon activity.

It is this honesty in the volume which has made it so acceptable to teachers in economics. Unlike Clay few of us get classes filled with

people who have such zeal for the subject that all want to talk at once and who have to be carried into the unfamiliar fields of social history to have their spirits dampened enough to become manageable. But we do have students who, in spite of ignorance of the facts of the industrial system and anything more than a scholastic acquaintance with the real issues of life, can be gotten interested in the subject. We have found that the ordinary text, which attempts to garner, classify, and arrange into a logical system the economic wisdom of the ages fails to supply the student with a problem which makes his interest in the subject more than formal. All of us have learned, some of us much later than we should, that students who rebel at formal manuals especially prepared to meet their artificial needs, become interested in books written by men who were grappling at first hand with real economic things. We have discovered that the college youth prefers Mill to Fawcett, and Smith to either of them, and we have discovered the reason. We have also chanced upon the important truth that research and teaching are nothing more than common aspects of the process of learning; that the mystery of finding out, rather than its carefully formulated but lifeless results, lifts classroom behavior to the dignity of useful conduct.¹ Because it aids instructor and student in dealing with the affairs of a real world we have welcomed Clay's book on general economics.

However, merits such as these are in themselves superficial; they could not exist were they not supported by weightier values. The third, and the most inviting, of the characteristics of the volume is its contribution to an understanding of economics. Few who know the book deny its constructive character; yet there is no unanimity about the source of its merit. One insists that its value lies in freeing the general body of theory from obsolete doctrines which have confounded

¹ A protest must be registered against one of the devices used in the preparation of the American edition. In general Mr. Agger's editorial work has been admirably done. He has reduced the changes he has made to a bare minimum and has allowed these neither to interfere with the author's treatment nor to obscure his style. But the attempt to convert a real book such as this into a text is unpardonable. Evidence of this is to be found in the inserts at the beginning of each paragraph in bold black bad type of the subject-matter of the paragraph. This breaks the unity of the discourse, supplies the student with ready-made pegs whereon to hang his economics, and tends to reduce the whole to the careful and lifeless formulas of the classroom. Of course Mr. Agger is far too good a teacher to have turned a trick of this kind himself. But he should not have allowed the publishers to have forced him to use this formal device which is a by-product of the bookseller's art.

its teachings. A second praises the demonstration which it affords of the importance of illustrations drawn from an intimate knowledge of industrial processes. A third picks out particular discussions as admirable examples of exposition. A fourth finds its distinct mark in the viewpoint from which it was written and in the assumptions which underlie its sustained arguments. A fifth discovers a new principle used to unify the materials out of which it was made. And a sixth persuades himself that the author almost unconsciously has furthered the tendency toward a new articulation of economic doctrine free from atomic presuppositions. Without doubt there is a measure of truth in each of these appraisals. But, in all deference to them, the reviewer wishes to point out the two distinctive contributions, the one negative, the other positive, in Clay's method.

In negative terms Clay's volume is a protest against the prevailing tendency of treatises on economics to lose themselves in discursiveness. In recent years general economics has been less and less prone to theoretical statement. This has been evident in historical introductions, in descriptions of particular industries, and in the inclusion of the details of technical processes. There has been a disposition on the part of the makers of these books to say something about every economic institution and to allow no problem of current import to escape by neglect. The multiplication of topics and the brevity of treatment accorded them have made of the text an aggregation of fragmentary discourses. There has remained a place for sustained argument and generalized statement only in the discussion of value and distribution. As a result little unity is left in the volume; tricks of arrangement have replaced its wonted sequence; and the student learns rather than studies. No problem is presented with the fulness of detail which enables him to make up his mind about it. He must take on faith conclusions which he cannot defend and only dimly understands. Against this Clay insists that general principles cannot be formulated by aggregating particulars.

In positive terms the book marks a return from discursive economics to the practicality of theory. In its larger sense it is a treatise upon economic theory. Its concern, however, is not exclusively with the problems of "value and distribution" which latterly have usurped this name. Rather it is a return to economic theory in the older and more traditional sense of a generalized description of the economic order. The author's aim is to picture in perspective the whole industrial system in terms of which each of its particulars must be understood. He seeks a generalized statement which will serve as a point of departure for more

specialized inquiries. To this end he assumes that the economic system is an organic whole in the sense that the institutions and processes which make it up are interdependent and that each has no being apart from the others. He assumes, too, that the economic order is not an independent entity, that it is an aspect of a larger and more complex social order. He attempts to determine the position of the economic in this greater universe and its relations to the other affairs of life which make it up. Of particular interest is the assumption that economic processes are subject to control, and that the ends which they are called upon to serve are outside the economic order.

Upon the basis of such assumptions as these, which are nowhere explicitly stated, the author sets about reducing to general terms the medley of arrangements and processes which make up the effective organization within which men labor and receive the fruits of toil. The chapters into which his clear-cut, intricate, and sustained argument is resolved bear conventional headings and give little indication of the novelties in arrangement, subject-matter, and statement which they contain. Although the author does not make it, a division of the book into three parts is apparent. The first of these is concerned with a discussion of the institutions which make up the economic order. The second is occupied with an account of the distribution of the material means, measured in pecuniary terms, by which life in industrial society is sustained. The third takes account of the relation of the economic order to the larger social life of which it is but an aspect.

The first of these divisions endeavors to explain the scheme of arrangements which impel and condition modern industrial activity. Its fundamental hypothesis is the interdependence of industrial processes and institutions. This finds expression, in the first chapter, in a convincing plea for economic theory as the indispensable antecedent to the study of practical problems; in the second, in an account of "the division of labor," which, properly understood, is the basis of all organized industrial activity; and in succeeding chapters in statements of the contributions of such institutions as speculation, capital, competition, money, credit, and foreign exchange to the establishment and maintenance of the economic order. The division closes with a discussion of unemployment and overproduction, which is, of course, an appraisal of the degree of perfection with which productive agencies are brought and kept within the effective organization of industry.

The mark of highest value in this treatment is the consistency with which function in the economic order is used as a standard for selecting

materials and determining the direction of the argument. It is this which saves the materials from the use to which they are conventionally put and makes of the division much more than a traditional discussion of "production." In this part of the treatise, which occupies one-half of the volume, there are surprisingly few shortcomings. In specifying the rôle of speculation in industrial activity the author fails to secure both the brevity and the clarity which some other authors as, for example, Taylor have given to it. While the chief merit of his discussion of capital is its freedom from obsolete wisdom, it loses something through failing to compass the constructive literature of the last decade. Most serious of all one wishes that the author had found a place for a clearer recognition of such institutions as "the machine technique," "pecuniary valuation," "the price system," and "business enterprise," of which American economists have had much to say of late.

The second division is busied with the problems of a distribution of wealth among the several agencies which take part in production. It conceives of wealth as pecuniary income and disposes of it in terms of the conventional sequence of principles of value and its manifestation in wages, interest, profits, and rent. The method of treatment is in general that of the neo-classicist, not altogether unresponsive to Austrian influence. The authors by whom Clay has been most influenced are Ricardo and Marshall. The assumptions underlying the treatment are in the large those of utility economists; there is little novelty in the use of terms, and the formulations will be found familiar to anyone conversant with the general treatises. Except in the treatment of wages, a problem which the author's classroom experience has not allowed him to escape, novelty expresses itself only in rearrangement of the argument and in subtleties in statement.

While the treatment of distribution is better done than in the generality of texts, the originality of the first part of the book makes it particularly disappointing. The necessity of dealing with the division of pecuniary income in quantitative terms impels a method alien to that employed in other divisions of the book. Yet, for all that, there seems to be a fundamental inconsistency between the treatment accorded distribution and that given to other economic matters. Elsewhere there is little evidence of assumptions of a monadic individualism, with its complement of doctrines of isolated self-interest, rationality, and values as expressions of feeling magnitudes. Here the assumptions square themselves with those of the utility school; the terms used convey the implications of utility-productivity doctrine; and more than once the author

states a proposition in such a way as to indicate that he regards values as measures of personal feelings and ability to pay as a criterion of the social importance of the want. A detailed statement of the matter would occupy several pages, and is not worth recording. One who is familiar with the criticism to which utility-productivity economics has recently been subjected can easily detect these lapses to obsolete doctrine. Besides, one who knows the author's general system knows that they are no essential part of his thought. The best antidote for them is the discussion of the ethical basis of economics which Clay presents in the last division of his book. He leads one to suspect that the treatment of distribution was not revised in the light of the later discussion before it was published.¹

Of greater significance is the concept of distribution which finds expression in his discussion. He has limited his attention to the immediate problem of the emergence of shares in terms of pecuniary values in a market. The value process which is his ultimate term of explanation is subject to very little conscious control. And yet the problem which gives unity and relevancy to his whole treatment is just this problem of controlling wealth to make it serve human ends. It seems that to make his treatment complete he should have gone back of the market process to the institutions and arrangements which pour into definite shares their pecuniary content. An account at his hands of the relation of property, inheritance, business enterprise, and other institutions which determine the distribution of opportunity in industrial society would have been welcome. That these problems have hardly been stated and that the materials for their treatment are not at hand needs not be said. However well the author might have dealt with the institutional distribu-

¹ There is abundant evidence that the influences determining Clay's treatment of distribution are different from those which find expression in other parts of the book. In this connection a list of the authors to whom the author makes reference in the text and the number of times he refers to each will be interesting. For this purpose the first and third divisions of the book are thrown together and the discussion of distribution is considered separately. The number of times each author is referred to in the first and third sections is given first in ordinary Roman type, the number of times he is mentioned in the discussion of distribution afterward in italics. Note, also, the authors who, in view of this evidence, have had the greatest influence upon Mr. Clay's thought. The list is as follows: Aristotle, 1; Bagehot, 1; Professor Barr, 1; Cannan, 1; Carlyle, 1; Sir Christopher Furniss, 1; Henry George, 2; Gissing, 1; Hadley, 2, 1; Hobbes, 1; Hobson, 1; Hyndman, 1; James, 2; Jevons, 1; Macgregor, 1; Malthus, 1; Marshall, 2, 7; Marx, 7, 10; Meredith, 1; Mill, 10; William Morris, 3; Robert Owen, 1; Pareto, 1; Ricardo, 16; Rowntree, 1; Ruskin, 1; Schulze-Gaevernitz, 1; Smart, 1; Adam Smith, 18, 8; Sydney Smith, 1; Ure, 2; the Webbs, 1; Wicksteed, 1; Withers, 1; and J. Cook Wilson, 1.

tion it is doubtful whether at this stage of the development of economics he could have covered the matter satisfactorily. And yet it is disappointing that these larger issues in distribution are not more clearly recognized, since any attempt consciously to direct the distribution of wealth must aim at institutional change.

The third part of the author's task is a survey of the place of the economic order in the larger world of social arrangements. This the author regards as his most valuable contribution and in this the reader will find most of novelty. On the surface two characteristics of the treatment stand out conspicuously. First, it comes at the end of the treatise, when the reader has some conception of what economics is all about, rather than at the beginning where it is a usual part of the formality of preliminary definition. Second, the relations of economics to other things are expressed in organic terms. There are no questions of the position of the field which the economist is to cultivate with diligence in reference to the abutting properties of politics, sociology, ethics, and history. On the contrary the argument runs in terms of the relation of the economic to the non-economic aspects of the general problems with which the reader has already become familiar.

It was, perhaps, neither possible nor desirable for the author to relate the economic to all the other aspects of social life. The material for so many novel excursions was not at hand, and an instance or two can be made to do duty for the whole. Very wisely, for formal exposition, he elects to discuss the relation of economics to politics and to ethics. The first finds expression in two chapters concerned with the state and the economic organization. Here the assumptions underlying the system of competitive private enterprise receive a careful and discriminating analysis. This discussion, while perhaps overrating the importance of government, is not unworthy to rank in succession to Mill's exposition of the province of government and Adams' essay upon the relation of the state to industrial activity. In treating the ethical aspects of economic problems the author is at once returning to the traditional inquiry of the science into the relation of wealth to welfare and he is breaking new ground. The particularism of the nineteenth-century thought with its emphasis upon the individual caused this problem to be neglected. Of late years no tendency in economics has been stronger than that of a return to a discussion of welfare. In a consideration of the relation, actual and hypothetical, of these concepts the author has been preceded by Cannan, Hobson, Smart, and Pigou. But his treatment is far more than a repetition of what they have said. Many will

concur in the judgment of the reviewer that he has been the most successful of all of them in reducing the problem to terms of economic theory. In general his concern is merely to raise the questions involved and to state them definitely. A captious critic might point out that in the use of terms, in the turning of phrases, and, above, all in raising explicitly the question of whether under prevailing arrangements wealth conduces to welfare, Clay is convicted of viewing too critically the present order. But it would be hard to show in what respect these lapses to unconscious ethical judgment differ from those of the neo-classical economists. Their unconscious implications incline toward favorable judgments; his perhaps toward more unfavorable ones; but neither escapes unconscious ethical judgment. Despite such details as these, the discussion is accurate, positive, and scientific.

It remains to convert these detailed commendations and strictures into a judgment upon the volume. Clay knows formal economics, has a first-hand acquaintance with the problems of the economic order, and displays a real interest in the problems he discusses. He brings to his task a unifying problem, a keen and analytical mind, and an ability to express himself in interesting and intelligible language. He sets about his task with assumptions of the interdependence of economic institutions, of the complex of these as subject to conscious guidance, and of the instrumental character of the whole machinery of wealth production. He has the courage to make a daring first venture in reducing to general statement an intricate and baffling scheme of industrial arrangements. As a result he has given us the most acceptable treatise which we have upon general economics. It is free from the distraction of studying particular problems, it is limited to a general theoretical statement of the larger issues of economic life, and its argument moves systematically to its conclusion. Its distinguishing merit lies in its presentation of the unity of economic arrangements and their organic relations with the social order. Its greatest weakness is that its discussion of distribution lies upon a different intellectual plane from the rest of the book and does not bridge the chasm between a discussion of the elements of economic order and a presentation of the external relations of the subject. Some of its chapters, particularly the discussions of the necessity for studying economic theory, of competition and association, of wages, of the measurement of wealth, and of business morality are among the best expositions in economic literature. There are weak chapters in the book, both in conception and in execution, but they are exceptional.

One trusts that a decade later, when the author's studies have advanced and a genuine revival of economic theory has supplied him with much valuable material, he will again essay the task he has attempted here. But one is glad that he did not allow his consciousness of the incomplete character of his system of thought to stay the publication of the volume. The restatement of economic theory, to which Clay has made so substantial a contribution, is being hastened by letting others have conclusions which are as mature as most of his.

WALTON H. HAMILTON

AMHERST COLLEGE

THE EMPLOYMENT SITUATION

The summary of the employment situation in the *Weekly Reports on Labor and Industrial Conditions* of the United States Employment Service for the period from March 1 to March 15 shows the following data:

WEEK ENDING	NUMBER CITIES REPORT- ING	NUMBER CONCERNS REPORT- ING	NUMBER EMPLOYEES ON PAY-ROLL	NUMBER CITIES SHOWING		PERCENT- AGE SHOWING SURPLUS	NUMBER CITIES SHOWING INDUS- TRIAL RELA- TIONS AS	
				Surplus	Short- age		Un- settled	Acute
Mar. 1.	122	6,971	3,439,909	78	14	63.9	16	18
Mar. 8.	122	7,002	3,437,970	85	11	69.6	12	15
Mar. 15.	122	6,968	3,391,782	83	9	68.0	13	14

During the week February 22 to March 1 there was a decrease in the number of cities showing unemployment from 82 to 78 and a slight reduction in the expected increase in volume of unemployment. This led to some rejoicing over the advent of spring, and it was urged that the crux of the situation had been passed. But the following weeks' returns effectively allayed, at least for the time being, the usual optimism.

In the course of the month the estimated surplus has increased from 358,890 for March 1 to 371,615 for March 15; and in the three months' period from December 7, 1918, to March 8, 1919, there has been reported a total net increase of 351,575. The surplus for the lake cities shows a decrease over that reported for last month, but they are still reporting large amounts: Cleveland, 60,000; Detroit, 22,500; and Buffalo, 20,000.